



PERMANENT TECHNICAL
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28 – 31 October 2019

Brussels, 12 September 2019.

ECONOMIC COMPETITIVENESS PACKAGE (ECP)

Break-out sessions on low level of accession to conventions sponsored or administered by the WCO and implementation of WCO instruments

(Item XIV. b on the Agenda)

I. Background

1. The WCO Economic Competitiveness Package (ECP) comprises the existing WCO instruments and tools which contribute to economic growth. First and foremost, the principles laid down in the International Convention on the Simplification and Harmonization of Customs Procedures (as amended) – Revised Kyoto Convention, are recognized as forming the core of the ECP and as the foundation for modern and efficient Customs procedures. The ECP also comprises all the other instruments, tools and standards relating to supply chain facilitation and security. The management and promotion of these instruments and tools is a key activity in the process of implementation of the ECP Action Plans.
2. The low level of accession to conventions sponsored or administered by the WCO and the implementation of WCO instruments and tools has been raised by Members and stakeholders on several occasions. The purpose of this document is to study the specific features of several conventions in the area of Customs procedures and trade facilitation with the objective of raising Members' awareness about these instruments and setting the ground for an in-depth discussion on what can be improved in terms of their acceptance and implementation by Members. The conventions selected for this exercise are 1) the International Convention on the Simplification and Harmonization of Customs Procedures (as amended) – Revised Kyoto Convention (RKC); 2) the Customs Convention on the A.T.A. Carnet for the temporary admission of goods (ATA Convention); 3) the Convention on Temporary Admission (Istanbul Convention) and 4) the Customs Convention on Containers, 1972 (Container Convention).

II. Introduction to the RKC, the ATA and Istanbul Conventions and the Container Convention

3. The chart below provides information on the dates of adoption and entry into force of the four conventions being examined in the present document.

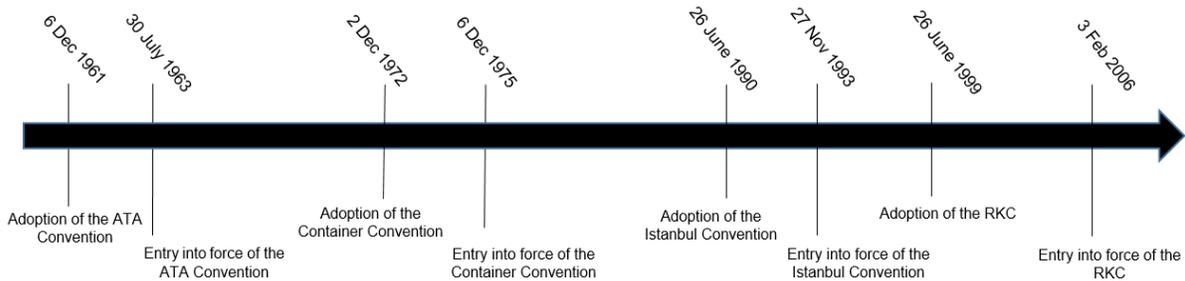


Figure 1. Dates of adoption and entry into force of the ATA Convention, Container Convention, Istanbul Convention and RKC

• Revised Kyoto Convention

4. The RKC is the most recent among the four conventions. The text of the RKC was adopted by the WCO Council on 26 June 1999, following a revision of the original Kyoto Convention that had been adopted on 18 May 1973 and had entered into force on 25 September 1974. As per the Protocol of Amendment to the International Convention on the Simplification and Harmonization of Customs Procedures, the date for entry into force of the RKC was set as three months after forty Contracting Parties to the original Kyoto Convention had signed the Protocol of Amendment without reservation of ratification or had deposited their instrument of ratification or accession. Thus, the RKC entered into force on 3 February 2006.
5. The depositary of the RKC is the Secretary General of the WCO. Any Member of the WCO, any Member of the United Nations or its specialized agencies and any Customs or Economic Union may become a Contracting Party (CP) to the RKC by acceding to it.
6. The Convention's key elements include the application of simplified Customs procedures in a predictable and transparent environment, optimal use of information technology, utilization of risk management for efficient Customs control, a strong partnership with trade and other stakeholders, and a readily accessible system of appeals. The RKC was widely used in the process of negotiating the Agreement on Trade Facilitation of the World Trade Organization (WTO TFA).
7. The structure of the RKC comprises a Body, a General Annex (GA) with 10 Chapters and 10 Specific Annexes (SAs) with a total number of 25 Chapters therein. Each Annex is accompanied by Guidelines, the texts of which are not binding upon CPs. The GA contains provisions that are applicable to all Customs procedures, while the SAs focus on specific Customs procedures and practices such as Importation, Exportation, Transit, Temporary Admission, travellers, relief consignments, etc. What is obligatory for accession is the Body and the GA. The acceptance of one or more SAs or one or more of the Chapters therein is optional and left to the discretion of the CPs.
8. No reservations are permitted against the provisions of the Body and to the Standards and Transitional Standards forming part of the GA. A CP that accepts a SA or

Chapter(s) therein cannot enter reservations to the Standards therein. Reservations are permitted only against Recommended Practices (RP) contained in the RKC SAs. CPs have certain obligations related to the process of entering a reservation against a RP. More specifically, each Contracting Party shall, every three years, review the RPs in respect of which it has entered reservations, compare them with the provisions of its national legislation and notify the depositary of the results of that review.

9. As of September 2019, the number of CPs to the RKC stands at 120, out of which 117 WCO Members, including the European Union, which has akin to WCO membership status and 3 non-WCO Members, namely Kiribati, Cook Islands and Tuvalu. The charts below illustrate the distribution of RKC CPs per WCO region.

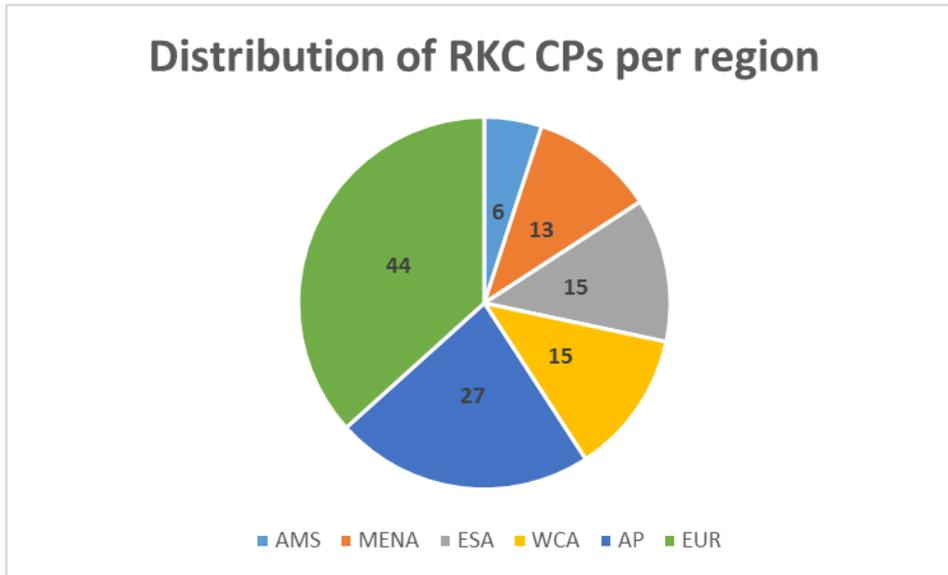


Figure 2. Distribution of RKC CPs per region

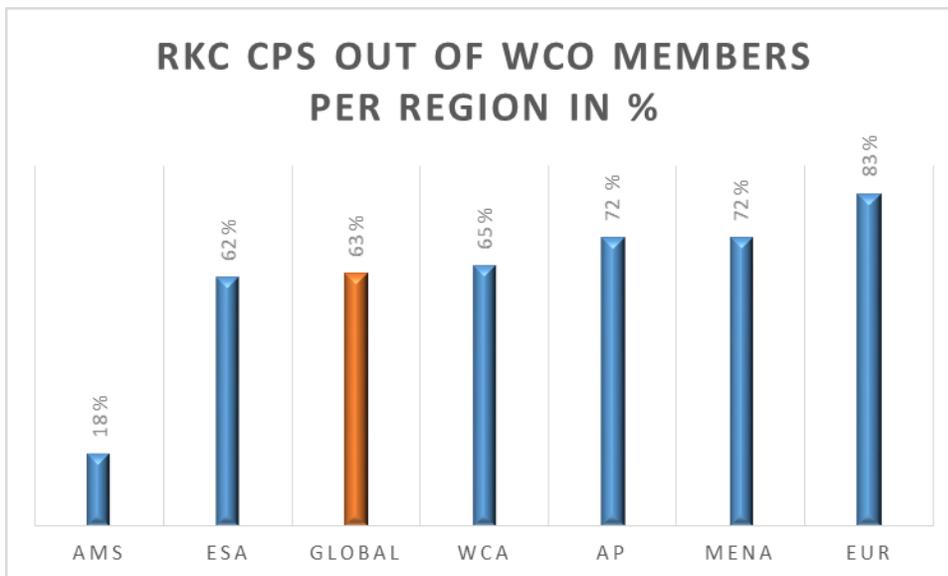


Figure 3. RKC CPs out of WCO Members per region in %

10. There has been steady growth in the number of RKC CPs over the recent years, which is due to the Secretariat’s efforts to promote this instrument and to provide support to the requesting WCO Members in the process of accession to and implementation of the

Convention. In addition, the accession to and implementation of the RKC, complement countries' efforts towards ratification and implementation of the WTO TFA, which on its part entered into force on 22 February 2017. The chart below illustrates the growth of CPs since the entry into force of the RKC in February 2006.

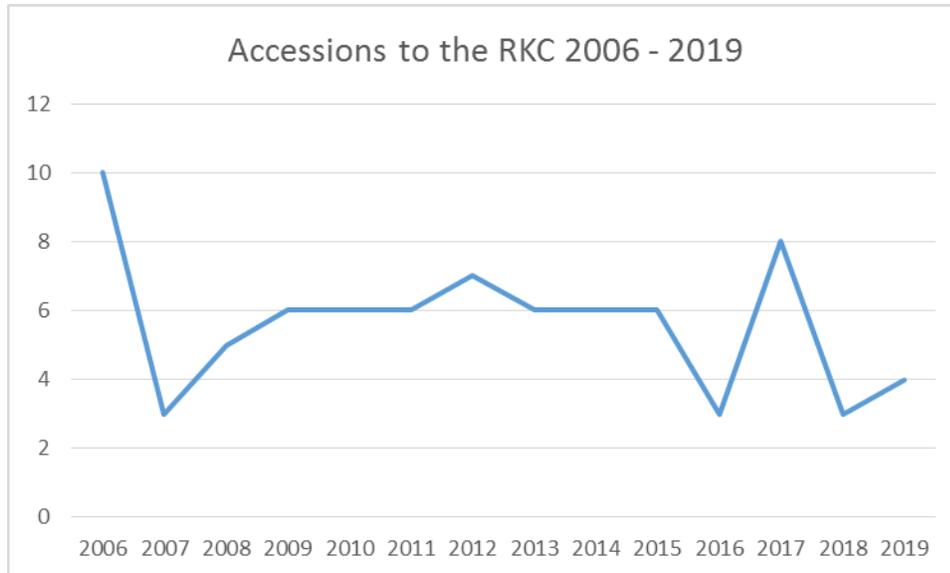


Figure 4. Accessions to the RKC in the period 2006-2019

11. The number of acceptances of Chapters within SAs varies from 22 to 42, where the lowest number of acceptances (22) pertains to the three chapters in Specific Annex K *Origin* and Chapter 4 *Processing of goods for home use* of Specific Annex F *Processing*, while Chapter 1 *Formalities prior to the lodgement of the goods declaration* of Specific Annex A *Arrival of goods in a Customs territory* is accepted by the highest number of CPs (42).
12. With regard to the implementation of the RKC, it should be noted that the body responsible for the management of the Convention and for securing uniformity in the interpretation and application thereof is the RKC Management Committee (RKC/MC). The provisions on settlement of disputes are outlined in Article 14 of the RKC. Another element for Members to consider is that, generally, the period for implementation of Standards in the GA and SAs, and of accepted Recommended Practices in SAs is 36 months, while the period for implementation of Transitional Standards in the GA is 60 months. As mentioned earlier, each Annex to the RKC, except Specific Annex K, is accompanied by non-binding Guidelines, which are made available to WCO Members and other stakeholders for a fee. These Guidelines are aimed at supporting CPs in implementing the provisions of the respective Annex.
13. Following extensive discussions, in April 2017 the RKC/MC unanimously endorsed the review of the RKC, in a comprehensive manner (including the Body, the General Annex, the Specific Annexes, and the Guidelines). In June 2018, the Policy Commission and Council approved the setting up of the Working Group on the comprehensive review of the RKC (WGRKC), along with the Business Case on its financial implications and the Terms of Reference (ToR) of the Group, based on recommendations made by the RKC/MC. The First Meeting of the WGRKC was held in September 2018 and as of September 2019, the Group has held five meetings.

- **ATA Convention**

14. The ATA Convention is the oldest among the four conventions subject to examination in the present document. The term “ATA” is a combination of the initial letters of the French words “Admission Temporaire” and the English words “Temporary Admission”. The text of the ATA Convention was adopted on 6 December 1961 and entered into force on 30 July 1963. The depositary of the ATA Convention is the Secretary General of the WCO. Any State Member of the WCO, any State Member of the United Nations or its specialised agencies may become a Contracting Party (CP) to the ATA Convention.
15. The ATA Convention facilitates the temporary duty-free admission of goods through the introduction of an international Customs document (the ATA carnet) to be used in lieu of the national document and of an internationally valid security furnished by the associations which issue ATA carnets. The Convention was developed with the objective of facilitating, primarily, the temporary admission of professional equipment and of goods for display or use at exhibitions, fairs, etc. The ATA system allows the free movement of goods across frontiers and their temporary admission into a Customs territory with conditional relief from duties and taxes. The goods are covered by a single document known as the ATA carnet that is secured by an international guarantee system. The national associations issuing the ATA carnets are approved by Customs and are affiliated to an international guaranteeing chain administered by the ICC World Chambers Federation (ICC/WCF).
16. The ATA Convention is one of the 14 instruments that the Istanbul Convention has been designed to replace, which means that as soon as the Istanbul Convention is accepted by all 63 CPs to the ATA Convention, the latter will cease to be in effect.
17. The structure of the ATA Convention comprises a body and one annex, which contains the model of the ATA Carnet and is construed to be an integral part of the Convention. Any State may make a notification that it will not accept ATA carnets under the Convention for postal traffic. No other reservations to the ATA Convention are permitted.
18. As of September 2019, the number of CPs to the ATA Convention is 63. There has been no new accessions to the ATA Convention since December 2001. The charts below illustrate the distribution of CPs per WCO region.

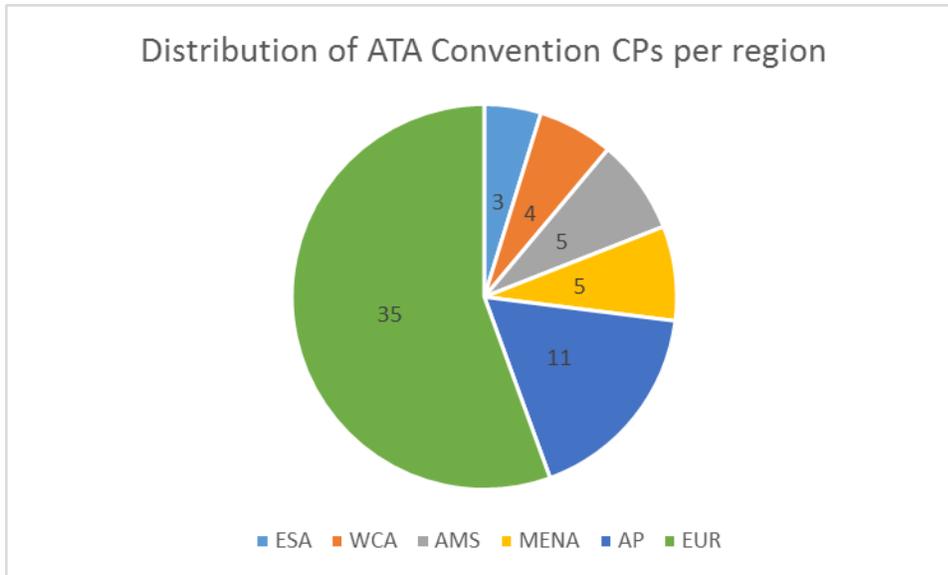


Figure 5. Distribution of ATA Convention CPs per region

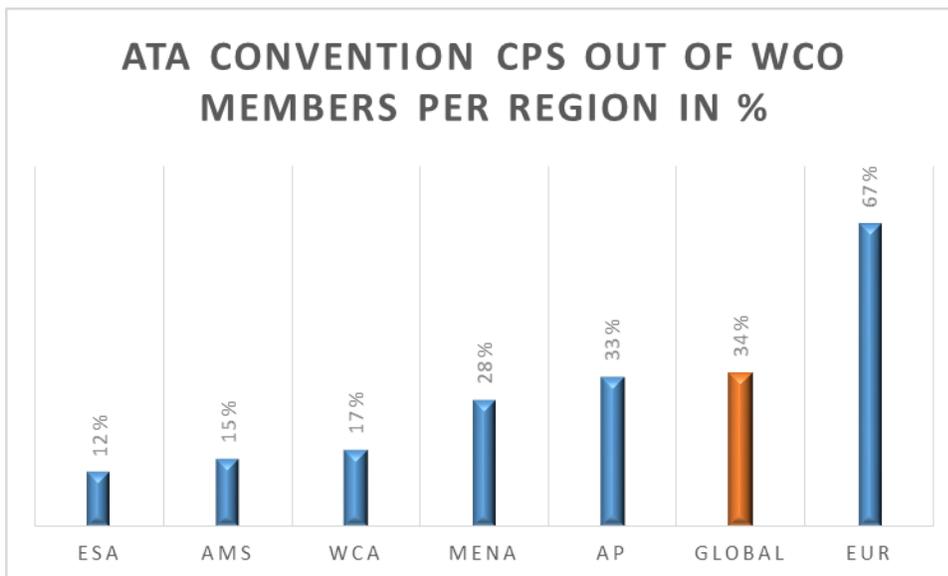


Figure 6. ATA Convention CPs out of WCO Members per region in %

19. The meeting of Contracting Parties is responsible for considering measures to secure the uniformity in the interpretation and application of the ATA Convention. An ATA Handbook has been developed and updated with the objective of assisting CPs in the process of implementation of the Convention. The ATA Handbook was last updated in 2002 and is made available free of charge.

- **Istanbul Convention**

20. The text of the Istanbul Convention was adopted on 26 June 1990 and entered into force on 27 November 1993. Annexes B.1 to B.9, C, D and E have entered into force three months after five Members or Customs or Economic Unions have accepted the Annex concerned. The depositary of the Istanbul Convention is the Secretary General of the WCO. Any Member of the WCO, any Member of the United Nations or its specialized agencies and any Customs or Economic Union may become a Contracting Party (CP) to the Istanbul Convention.

21. The Istanbul Convention was drafted to combine, in one single instrument, 14 conventions/agreement on temporary admission developed between the 1950's and 1970's. These are 1) the Customs Convention on the ATA carnet for the temporary admission of goods; 2) the Customs Convention concerning facilities for the importation of goods for display or use at exhibitions, fairs, meetings or similar events; 3) the Customs Convention on the temporary importation of professional equipment; 4) European Convention on Customs treatment of pallets used in international transport; 5) the Customs Convention on the temporary importation of packings; 6) the Customs Convention on Containers, 1972, but only as far as Articles 2-11 and Annexes 1 (paragraphs 1 and 2) are concerned; 7) the International Convention to facilitate the importation of commercial samples and advertising material, but only as far as Articles 3, 5 and 6 (1.b and 2) are concerned; 8) the Customs Convention on welfare material for seafarers; 9) the Customs Convention on the temporary importation of scientific equipment; 10) the Customs Convention on the temporary importation of pedagogic material; 11) the Convention concerning Customs facilities for touring, but only as far as Articles 2 and 5 and the Additional Protocol are concerned; 12) the Customs Convention on the temporary importation of private road vehicles; 13) the Customs Convention on the temporary importation of commercial road vehicles; and 14) the Customs Convention on the temporary importation for private use of aircraft and pleasure boats. The Convention simplifies and harmonizes Customs formalities in connection with temporary admission.
22. The structure of the Istanbul Convention comprises a Body and 13 annexes. The first Annex, Annex A, concerns temporary admission papers (ATA carnets and CPD carnets). The last Annex, Annex E, concerns goods imported with partial relief from import duties and taxes. The other 11 Annexes each deal with a specified category of goods and are numbered B.1. to B.9., C and D. Some of the Annexes have one or more Appendixes which form an integral part of the Annex and therefore have to be accepted when accepting the Annex. In order to become a CP, the eligible States or Customs or Economic Unions need to accept the body of the Convention, Annex A and at least one other Annex.
23. No reservations can be entered against provisions of the body of the Istanbul Convention. Any Contracting Party which accepts an Annex shall be deemed to accept all the provisions therein, unless at the time of accepting the Annex or any time thereafter it notifies the depositary of the provisions in respect of which it enters reservations, insofar as this possibility is provided for in the Annex concerned. Each Contracting Party shall at least once every five years review the provisions in respect of which it has entered reservations, compare them with the provisions of its national legislation and notify the depositary of the results of that review.
24. As of September 2019, the number of CPs to the Istanbul Convention stands at 71. The number includes the European Union, which has akin to WCO membership status. It is worth noting that five of the signatories to the Convention have not yet deposited their instruments of ratification. The charts below illustrate the distribution of CPs to the Istanbul Convention per WCO region.

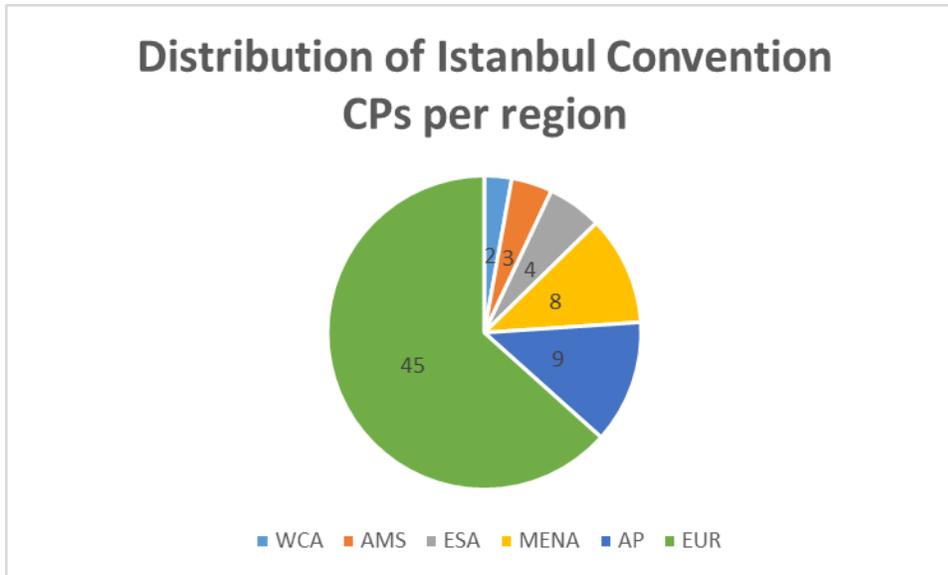


Figure 7. Distribution of Istanbul Convention CPs per region

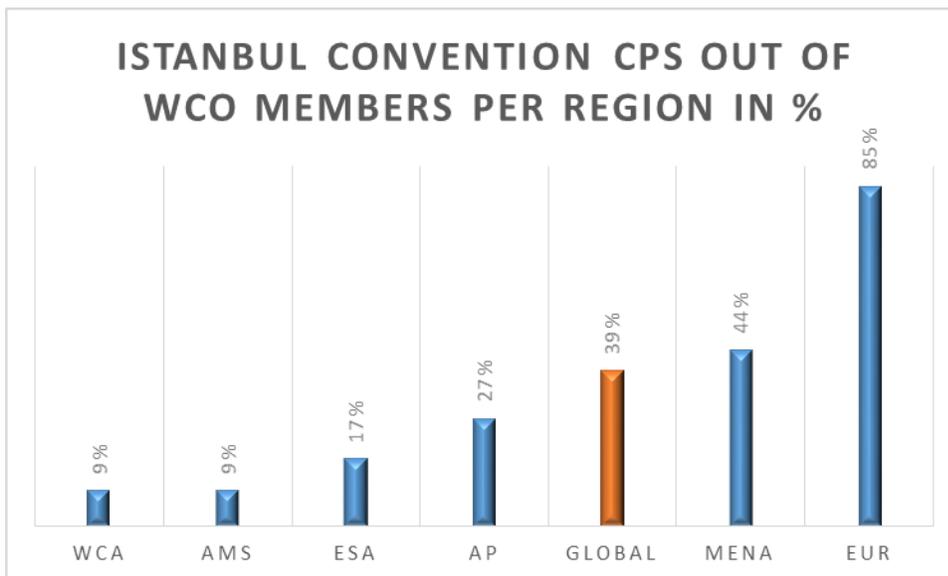


Figure 8. Istanbul Convention CPs out of WCO Members per region in %

25. The number of acceptances of the Annexes B.1. to B.9., C, D and E to the Istanbul Convention varies from 41 (for Annexes B.4., B.8. and E) to 70 (for Annex B.1.).
26. The body responsible for the management of the Convention and the interpretation of its provisions is the Administrative Committee of the Istanbul Convention. The Convention contains provisions on exchange of information (Article 21) and on settlement of disputes (Article 23). No other measures for monitoring the implementation of the Convention have been included therein. An Istanbul Convention Handbook has been developed with the objective of assisting CPs in the process of implementation of the Convention. The Istanbul Convention Handbook was last updated in 2006 and is made available free of charge.
27. It should be noted that the RKC has a SA dealing with temporary admission, i.e. Specific Annex G.

- **Container Convention**

28. The Customs Convention on Containers, 1972 (Container Convention) is a United Nations (UN) Convention administered by the WCO. The text of the Convention was adopted on 2 December 1972 and entered into force on 6 December 1975. An older convention – the Customs Convention on Containers, 1956 served as the basis for the Container Convention of 1972.
29. The depositary of the Container Convention is the Secretary General of the United Nations. Any State Member of the United Nations or of any of the specialized agencies or of the International Atomic Energy Agency or parties to the Statute of the International Court of Justice may become a CP to the Convention. Customs or Economic Unions meeting the requirements of Article 1 (d)bis of the Convention may also become CPs.
30. The Container Convention has two principal objectives. First, it provides for temporary importation of containers, free of import duties and taxes and free of import prohibitions and restrictions, subject to re-exportation within three months from the date of importation; such temporary admission of containers shall be granted without the production of Customs documents being required on their importation and re-exportation and without the furnishing of a form of financial security (guarantee). Secondly, the Convention provides for approval of containers for transport under Customs seal.
31. As indicated in paragraph 21 above, Annex B.3 to the Istanbul Convention is designed to terminate and replace, in relations between the Contracting Parties which have accepted Annex B.3 to the Istanbul Convention and are Contracting Parties to the Container Convention, Articles 2-11 and Annexes 1 (paragraphs 1 and 2) -3 to the Customs Convention on Containers, 1972. These are the provisions on the marking of containers and on the temporary admission of containers. Annex B.3 to the Istanbul Convention does not contain provisions on approval of containers for transport under Customs seal.
32. The structure of the Container Convention comprises a Body and seven annexes, which form an integral part of the Convention. Reservations are permitted against a number of provisions of the body and the annexes to the Container Convention. The provisions on reservations are contained in Article 26 of the Convention.
33. The number of CPs to the Container Convention is 39 with only a few accessions over the recent years. The charts below illustrate the distribution of CPs per WCO region.

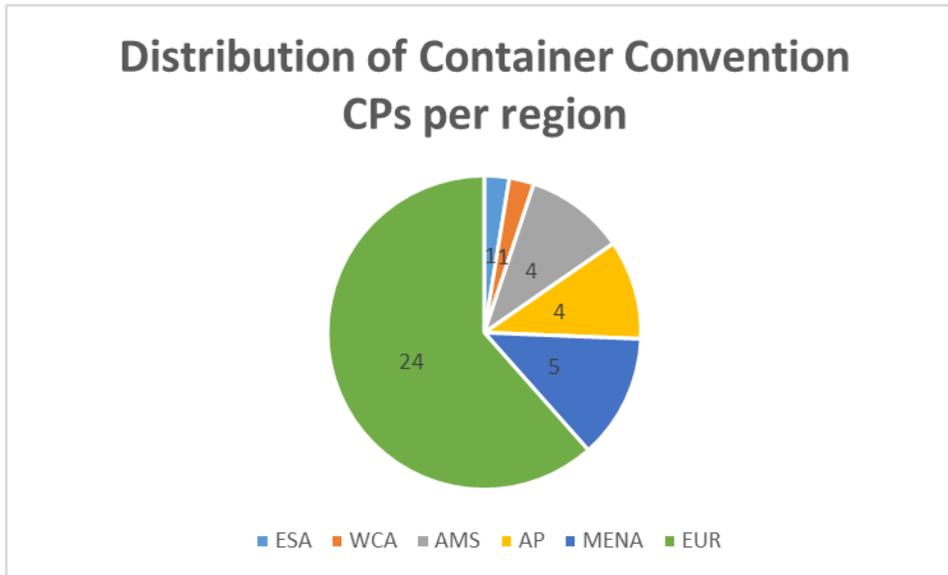


Figure 9. Distribution of Container Convention CPs per region

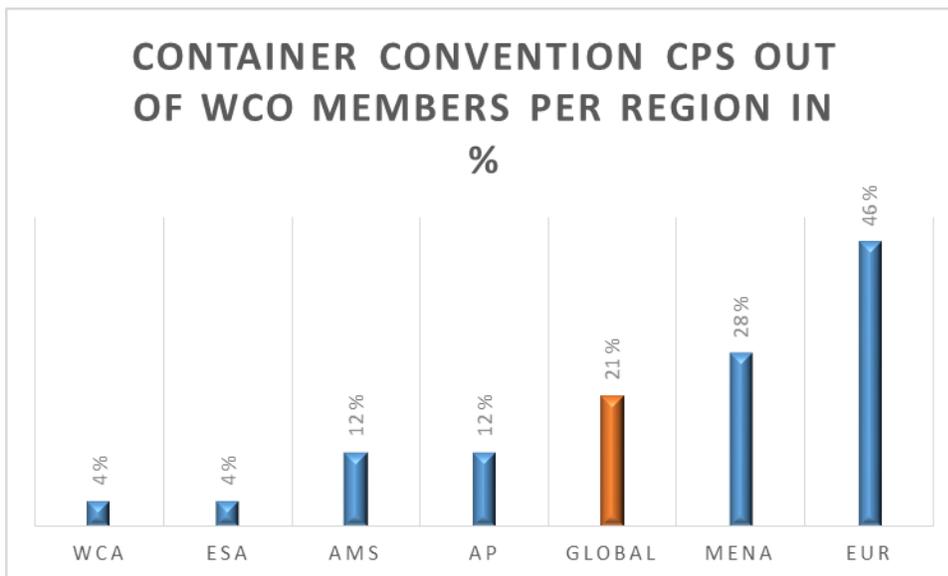


Figure 10. Container Convention CPs out of WCO Members per region in %

34. The body responsible for the management of the Convention and the interpretation of its provisions is the Administrative Committee for the Container Convention. The Convention contains provisions on exchange of information (Article 16) and on settlement of disputes (Article 25). No other measures for monitoring the implementation of the Convention have been included therein. The Container Convention Handbook was developed to assist CPs with the implementation of the Convention. It has been last updated in 2017 and is available on the WCO web-site.

35. Summary information on the four conventions is provided in the Annex to the present meeting document. Members can check the synopsis of position of all conventions sponsored or administered by the WCO at the following link: <http://www.wcoomd.org/-/media/wco/public/global/pdf/about-us/legal-instruments/conventions-and-agreements/revised-kyoto/sg0211e1b.pdf?la=en>.

III. Other tools relating to supply chain facilitation and security

36. There is a myriad of WCO tools relating to supply chain security and facilitation – frameworks of standards, guidelines, handbooks, compendia, study reports, etc., which are of non-binding nature. These tools are available on the WCO web-site. The WCO is providing technical assistance and capacity building support to assist Members with the implementation of the WCO instrument and tools.
37. The WCO is continuously making efforts aimed at ensuring implementation by Members of the various WCO instruments and tools, as well as at establishing an efficient mechanism for performance measurement. Some of the recent examples for such efforts are the new Key Performance Indicators (KPI) incorporated in the WCO Implementation Plan 2019-2020 as annexed to the Strategic Plan 2019 – 2022, as well as the establishment of the Working Group on Performance Measurement that will have its First Meeting in mid-November 2019. The scope of this Working Group is to develop a comprehensive performance measurement mechanism including KPIs, both quantitative and qualitative, in all Customs competencies (revenue collection, trade facilitation and economic competitiveness, enforcement, security and protection of society, etc.). In addition, indicators for this assessment should monitor the extent to which WCO tools, instruments and recommendations have been applied, as well as support their evaluation.

IV. Discussion points

38. Delegates will be invited to discuss, through break-out sessions, the challenges and possible solutions regarding accession to and implementation of the relevant conventions in the area of procedures and facilitation. The Secretariat suggests the following questions as a basis for the break-out discussions:
- Is there sufficient awareness among Members of the instruments and tools forming part of the ECP and in particular the four conventions examined in document PC0570?
 - What are the main factors at national level that drive the process of accession to and implementation of international conventions in the Customs area?
 - What are the main challenges faced by Members in acceding to and implementing the four conventions examined in document PC0570? Are there region-specific challenges?
 - What further measures should be implemented by the WCO Secretariat to support Members in acceding to and implementing the WCO conventions, such as the RKC, the Istanbul Convention, etc.?
 - How can the WCO support better awareness and level of implementation of the WCO tools under the ECP?

V. Action required

39. The PTC delegates are invited to :
- examine the information outlined in the meeting document; and

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- discuss and provide guidance on the questions set out in paragraph 38 above with a view to enhancing the level of accession/acceptance and implementation of the instruments and tools forming part of the ECP.

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SUMMARY INFORMATION ON THE RKC, ATA/INSTABUL CONVENTIONS AND CONTAINER CONVENTION

Title of the Convention	Date of adoption	Date of entry into force	Number of CPs as of September 2019	Depositary	Structure	Languages of the Convention	Policy on Reservations	Pats obligatory for accession	Body responsible for managing the Convention
International Convention on the Simplification and Harmonization of Customs Procedures (as amended) – Revised Kyoto Convention (RKC)	26.06.1999	03.02.2006	120	WCO Secretary General	Body, General Annex and 10 Specific Annexes	English and French	Permitted only with regard to Recommended Practices in the Specific Annexes	The Body and the General Annex	The Revised Kyoto Convention Management Committee
Customs Convention on the A.T.A. Carnet for the temporary admission of goods (ATA Convention)	06.12.1961	30.07.1963	63	WCO Secretary General	Body and one annex, forming an integral part of the convention	English and French	Not permitted. A CP may make a notification that it will not accept ATA carnets for postal traffic.	The Body and the Annex	The meeting of Contracting Parties to the ATA Convention
Convention on Temporary Admission (Istanbul Convention)	26.06.1990	27.11.1993	71	WCO Secretary General	Body and 13 Annexes	English and French The depositary is requested to prepare translations in Arabic, Chinese, Russian and Spanish.	Permitted for some of the provisions in part of the Annexes.	The Body, Annex A and at least one other Annex	The Administrative Committee of the Istanbul Convention
Customs Convention on Containers, 1972 (Container Convention)	02.12.1972	06.12.1975	39	UN Secretary-General	Body and 7 annexes forming an integral part of the convention	Chinese, English, French, Russian and Spanish	Permitted for a number of provisions (ref. Article 26 of the Convention)	The Body and the Annexes	The Administrative Committee for the Container Convention